



SMART START PROGRAM GUIDELINES

Program Description

Accumulating the funds for downpayment and closing costs is a common barrier to potential homeowners. The Smart Start Program is available to participants in the NJHMFA's First-Time Homebuyer and Homeward Bound programs who are purchasing homes in Smart Growth areas. The program helps these families by offering a second mortgage for downpayment and/or closing costs up to 4% of the first mortgage.

Available Funds

As allocated by NJHMFA.

Eligible Borrowers

Eligible households are those who qualify under the Home Buyer Program. Borrowers with sufficient personal assets to close a loan at less than 80% LTV are ineligible. Corporations and Investors are not permitted to act as borrowers.

Occupancy

Property must be occupied as the borrower's primary residence within 60 days of closing. Borrower must maintain occupancy for the life of the loan.

Income Limits

Borrowers must meet income limits of the NJHMFA program providing the first mortgage loan, if any.

Purchase Price Limits

Borrowers must meet the purchase price limits of the NJHMFA program providing the first mortgage loan, if any.

First Mortgage Pricing

The 30 year first mortgage interest note rate will have an add-on to the rate if a Smart Start loan is elected for use. The interest rate will be set daily by the NJHMFA. Please contact an approved NJHMFA lender for current interest rates. Access the NJHMFA approved lender list at www.njhousing.gov/includes/lender.html

Loan Terms

The NJHMFA will make Smart Start downpayment and/closing cost loans in the amount of up to 4% of the first mortgage to qualified Home Buyer Program borrowers purchasing in Smart Growth areas as determined by the Agency's Site Evaluator. (Visit www.njhousing.gov/homeownership/buyers/site to access the Site Evaluator tool.) The interest rate on the Smart Start second mortgage is 0%. There will be an add-on to the interest rate of the first mortgage. The Borrower may repay the unpaid principal in full or in part at any time before it is due. This is known as prepayment and no penalty shall be charged. If the Borrower continuously resides in the premises, as his/her principal residence for five (5) years from the date of the closing of the loan, the principal on the Note will have been deemed satisfied and the Lender will provide the Borrower with a cancellation of mortgage or release of lien.

If the Borrower conveys, refinances or ceases to occupy the premises as his/her principal residence, full repayment of principal will be due as follows:

- Months 0 through 24, the entire principal is due.
- After the 24th month, 25% of the principal on the Note will be deemed satisfied and the remaining balance will be reamortized.
- After the 36th month, an additional 25% of the principal on the Note will be deemed satisfied and the remaining balance will be reamortized.
- After the 48th month, an additional 25% of the principal on the Note will be deemed satisfied and the remaining balance will be reamortized.
- After the 60th month the entire Note will be satisfied and discharged.

